Orkla TCFD report
2022

Orkla

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Orkla TCFD report 2022

Introduction

Climate change is one of the biggest challenges of our time. Reports from the UN Intergovernmental Panel on Climate Change (IPCC) show that people and nature all over the world are already being affected by these changes, and that urgent action is needed to slow the pace of change. A major readjustment must be made in almost every sector to be able to limit global warming to 1.5°C. Orkla will assume its share of responsibility for tackling climate challenges and is making long-term efforts to reduce its greenhouse gas emissions as required by the Paris Agreement Orkla's target of net zero emissions by 2045 was validated in 2022 by the Science-Based Targets initiative (SBTi).

From a commercial perspective, there is growth potential for Orkla in consumers' mounting interest in a climate-friendly diet and sustainable consumption. In 2022 it was decided to transform Orkla into a leading industrial investment company with a brand and consumer-oriented scope. By establishing autonomous portfolio companies with their own company boards, we will ensure greater structural flexibility in the future and improve long-term value creation. The business framework will be brands and consumer-oriented companies.

Sustainability is a pivotal element of our business strategy and will be in the new portfolio companies. We want to contribute to making the necessary transition to sustainable production and consumption. Our efforts to promote sustainability also contribute to good risk management and are a source of innovation and growth in our companies.

As a manufacturer of food and other branded consumer goods, Orkla's primary contribution to sustainable development lies in the ability to offer sustainable products, and UN Sustainable Development Goal 12 – responsible consumption and production – forms the very core of Orkla's sustainability work. We have come a long way towards making sustainability work an integral part of our business plans, decision-making processes, and day-to-day operations.

All Orkla companies have worked for many years towards meeting Orkla's 2025 sustainability targets. At the Orkla Capital Markets Day in November 2021, we emphasised three of these targets: a 65 per cent reduction in greenhouse gas emissions from own activities (scope 1 and 2, base year 2014), a 30 per cent reduction in greenhouse gas emissions from our value chain (scope 3) and 100 per cent recyclable packaging. The three targets have special priority in our sustainability efforts across all our companies.

In 2017, the Task Force on Climate-related Financial Disclosure (TCFD), established on the initiative of the Financial Stability Board, launched a framework with voluntary guidelines for companies to disclose climate-related financial information. In 2021 Orkla conducted a structured climate-risk analysis in line with the recommendations from the TCFD. In 2022 we have updated this analysis, according to the current risk picture. This work has increased Orkla's understanding of how climate-related risks and opportunities can affect Orkla's business, financial conditions, and strategy in the future.

Climate has been a material topic in Orkla's environmental work for many years. We are committed to understanding how our business impacts the climate, which reduction measures are relevant and how climate change can impact Orkla's business development.

This report is structured in line with the recommendations and the main elements of the TCFD framework and describes the status of Orkla's work.

The TCFD recommendations and content index

TCFD recommendations

There is a growing demand for disclosure of climate-related risks and opportunities from the financial sectors, and investors and creditors are increasingly asking for information that is clear, consistent, and comparable. The TCFD framework recognizes that climate change will affect all sectors of the economy, so the recommendations are made applicable to all organisations and give a uniform analysis and reporting method for climate-related risks and opportunities.

The TCFD recommendations are structured around four thematic areas that represent core elements of how organisations operate: **governance, strategy, risk management, and metrics and targets.** Moreover, the framework separates recommended disclosures into three main categories: risks related to the transition to a lower-carbon economy, risks related to the physical impacts of climate change, and climate-related opportunities. The TCFD has also incorporated potential financial impact as an integral part of its disclosure recommendations.

TCFD content index

The Orkla TCFD report is according to the recommended disclosures in the TCFD framework:

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organisation's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy, and financial planning where such information is material.	Disclose how the organisation identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
Recommended disclosures			
a) Describe the board's oversight of climate-related risks and opportunities. b) Describe the management's role in assessing and managing climate-related risks and opportunities.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term. b) Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning. c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	a) Describe the organisation's process for identifying and assessing climate-related risks. b) Describe the organisation's processes for managing climate-related risks. c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

CDP Climate and TCFD reporting

We regard openness around climate-related risks and opportunities as crucial for maintaining trust by investors and other stakeholders. Therefore, ever since 2008, Orkla has made a significant effort to report to CDP[1]. This has increased the Group's knowledge of requirements and expectations, as well as given necessary input for the development of Orkla's climate strategy. A long-term-oriented and structured work has resulted in Orkla achieving top score A- (leadership level) for the climate work in CDP 2022 report. In 2020 we published our first report aligned with the TCFD framework.

The TCFD's focus and guidance on climate-related financial impact and scenario analysis is an important process to further ensure transparency and improve our understanding of how climate-related issues can affect us, and how we will mitigate the expected changes.

1 CDP is an independent non-profit organization that has the world's largest database of company information on climate change. The organization works both to expand company reporting on climate emissions, and to give investors and managers access to information on how companies work with climate, across sectors. The organization is supported by managers and investors globally. They also work with topics that report on forests and water risk.

TCFD disclosure summary

Governance

Disclose the organisation's governance around climate-related risks and opportunities.

a) Climate-related issues are integrated into Orkla's overall business strategy and responsibility sits with the Board of Directors and Orkla President and CEO. The work is followed up and the progress is assessed annually, in addition to ongoing discussions of individual matters of material importance.
b) The Orkla Management Team is responsible for reviewing climate-related risks and opportunities and decide on Orkla's goals and governance principles linked to managing climate risk. The highest management level positions with responsibility for climate-related issues sits in the Orkla Management Team. The EVP Group Functions and the SVP Environment, Health and Safety has been responsible for assessing and managing climate-related risks and opportunities, and report to the Orkla Management Team and the Board of Directors on climate-related issues on a regular basis, including facilitating regular reviews of Orkla's long-term targets for climate-related issues. The companies are required to develop plans and implement actions to manage climate-related risks and reach Orkla's climate targets.
c) In October 2022, the Orkla Board of Directors decided to establish a new corporate structure. Orkla's new operating model is effective from 1 March 2023. In connection with the transition to the new model, Orkla will establish updated governance principles with clear requirements and expectations for Orkla companies on how to manage, evaluate and report on all relevant ESG topics, including climate and environment. Central corporate processes will be adapted to the new model.

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

a) Climate has been a material topic in Orkla's environmental work for many years and we are committed to understanding how our business impacts the climate.
b) Our strategy has been influenced by climate-related risks and opportunities in all business areas, including own operations, value chain, products, and innovations.
c) We consider both the short-, medium- and long-term perspective. Physical risks, specifically in terms of extreme weather and transitional risk related to taxation on energy and packaging materials, have been identified as our main risks. Our key opportunities are assessed to be developing products with low climate impact like plant-based food and seaweed.
d) We aim to limit the long-term global temperature increase in line with the Paris agreement and we also have set a net zero emission targets in line with the SBTi framework.
e) In 2022, we updated our climate-related risks and opportunities analysis, that was conducted according to the TCFD framework. In the risk assessment we considered three different scenarios for global warming – increases of +1.5°C, +2°C and >4°C – and how these would affect our operations and value chain.

Risk management

Disclose how the organisation identifies, assesses, and manages climate-related risks.

a) The identification and management of climate-related risks follows Orkla's process for risk management and is integrated in the company-wide risk management process.
b) Orkla requires their companies to establish a risk management process which covers both financial and non-financial risks and which are based on Orkla instructions and guidelines. The companies are also required to carry out a specific climate risk and opportunity assessments in the event of significant changes in business scope or operations, or at least on a bi-annual basis.
c) Orkla requires the companies to report the progress of the sustainability work, including a review of climate-related risks and opportunities, on an annual basis to Orkla.
d) Orkla's overall risk picture, including climate-related risks and opportunities is reviewed by the Orkla Management Team and the Board's Audit Committee and discussed by the Board of Directors.
e) A top-down risk and opportunity assessment was carried out in 2021 to strengthen our methodology and ensure a basis for regular updating of the assessment. In 2022 Orkla updated its risk and opportunity assessment.

Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.

a) Orkla has developed key metrics to measure and manage climate-related risks and opportunities to follow the performance at different levels in the organisation at a monthly, quarterly, and annual basis. The metrics are associated with energy, water, and waste management.
b) Orkla's carbon accounting follows the Greenhouse Gas Protocol[2] and has been calculated and further developed for all locations since 2008 as an annual procedure.
c) We have set absolute reduction targets and will reduce climate gas emissions. Our climate gas emission reduction targets are approved by the SBTi and aligned with the Paris Agreement. The targets for Scope 1 and 2 to reduce our climate gas emissions are 65% by 2025, 70% by 2030, and 90% by 2045, from a 2016 base year. The targets for Scope 3 to reduce our climate gas emissions are 30% by 2025, 50% by 2030, and 90% by 2045. Thereby we are committed to reach net zero target by 2045.

2 Greenhouse Gas (GHG) Protocol accounting standards divides emissions into Scope 1 (direct emissions- own operations), Scope 2 (indirect emissions – own operations) and Scope 3 (indirect emissions – value chain)

Governance

Board-level oversight

Climate-related issues are integrated into Orkla's overall business strategy, and the responsibility sits with the Board of Directors. Climate-related issues and environmental subjects are presented to the Board of Directors as part of the annual sustainability progress review and through presentations of specific issues and initiatives and considered to be of material importance for Orkla's operations.

The Board of Directors approves the sustainability strategy and significant climate-related investmentsClimate change and the energy transition are discussed in many of the ordinary Board meetings either as an integral part of strategy and investment discussions or as separate topics. The Board of Directors is involved in setting the overall climate-related targets for Orkla and stands behind the climate targets presented at the Capital Markets Day in autumn 2021. Orkla's Sustainability Report for 2022 is approved by the Group Executive Board and the Board of Directors as a part of the annual assessment.

In October 2022, the Board decided to establish a new corporate structure. Orkla is to be transformed into an industrial investment company with ownership of more independent portfolio companies. Orkla's new operational model will be effective from 1 March 2023. In connection with the transition to the new model, the Board of Directors will establish updated governance principles with clear requirements and expectations for Orkla companies, and central corporate processes will be adapted to the new model. The following statement of policy is based on the governance principles that applied in 2022.

Management's Role

The Orkla Management Team is responsible for reviewing climate-related risks and opportunities and decide on Orkla's goals and governance principles linked to managing climate risk, The companies are required to develop plans and implement actions to manage climate-related risks and reach Orkla's climate targets. The highest level management position with responsibility for climate-related issues are the Orkla President and CEO and the Orkla Management team, reporting directly to the Orkla Board of Directors. During 2022 SVP Environment, Health and Safety reporting to EVP Corporate Functions has had the responsibility for setting the direction, assessing and reporting climate related issues. This will be adapted to the new operating model.

The Orkla Management Team is being presented to the status on climate-related risks and energy transitions annually, in addition to taking part in ongoing discussion of individual cases that are significant to Orkla's operations. During 2022 we continued with a regular reporting on climate-related key indicators. Climate-related issues were presented by SVP Environment, Health, and Safety.

The CEO of each Orkla company is responsible for implementing Orkla's governing principles on ESG and for drawing up action plans for the sustainability work based on Orkla's sustainability targets up to 2025. This work must be integrated into the company's operations and be based on the precautionary principle and the principle of continuous improvement. The companies' prioritization must be based on an assessment of both the businesses and stakeholders' needs.

The Central Finance staff is responsible for Orkla's risk management model, including presenting Orkla's consolidated risk profile to the Group Executive Board, the Board of Directors and the Board's Audit Committee. Climate-related risks are also included in the overall risk management assessment.

More details can be found in Orkla's Annual report 2022. Specifically:

- Orkla's Board of Directors' report 2022 on risk management at page 32-33,
- The chapter on Corporate Governance from page 47-59,
- Description of Risk Management and Internal Control routines at page 57

Strategy

Climate-related issues represent important risk factors to the business, as well as attractive business opportunities since our products can be key enablers for lower climate gas emissions throughout the value chain of Orkla. Climate-related issues and opportunities are an integrated part of Orkla's business strategy. Orkla has set near-term and long-term targets for reducing climate gas emissions in line with the Paris agreement, which were updated in 2022.

The materiality assessment that was prepared in 2021 on the basis of double materiality was considered to be valid for 2022 and used as a basis for strategy and this report. The impact assessment showed that our footprint is particularly big in our supply chain, which is where more than 90 per cent of Orkla's greenhouse gas emissions take place.

Climate-related issues are defined to be material. The climate and water risk and opportunity assessment, that was conducted in 2021 has been updated to reflect relevant changes. . The assessment was based on generic data information and discussions and workshops with key personnel in Orkla's business areas and various specialised areas in the Group.

Orkla considers both short-, medium-, and long-term financial and strategic time horizon when assessing climate-related risks and opportunities. The following definitions of time horizons are applied:

Short-term	0-3 years
Medium-term	3-10 years
Long-term	10-20 years

Climate risks and opportunities will influence Orkla's strategic and financial planning elements.

The thresholds established to identify risks and opportunities that are evaluated to have a substantive financial or strategic impact are defined in the table below:

	Low	Medium	High
Financial impact (% of business value)	< 5%	5%	>5%
Frequency and likelihood	> 5 years or 20%	1-5 years 20-60%	<1 years or 60%

An important part of the low-carbon transition is product development, investment in research and development, energy efficiency in own operations, as well as collaborations with suppliers and other key partners in order to develop more sustainable solutions. The climate-related risks and opportunities included in the process to develop our climate change strategy are described below.

Products and services

As a leading branded consumer goods company, Orkla has the possibility of influencing consumers to make better choices in everyday life. At the same time, we consider it important for our competitiveness to be able to offer products with a low climate and environmental impact. We have therefore been actively working towards reducing the climate footprint from our products through innovation, introducing new products, improved packaging and circular solutions. For example, Påfyll was launched on a small scale in 2022. It is is a new digital platform and circular service developed jointly by Orkla Home & Personal Care, Bakken & Beck and Ærа Strategisk Innovasjon to help consumers live a more eco-friendly life and reduce

their use of single-use plastics. The service delivers everyday products such as soaps and cleaning products right to consumers' doorstep in reusable containers. When the container is empty, it is collected, refilled and delivered again.

Development of plant-based products continue being a key part of our sustainability strategy. Our goal is to become one of Europe's leading players in plant-based food by 2030. In 2022, several new plant-based products were launched, and existing products were introduced in new markets. We had 18% growth in turnover from plant-based products produced by Orkla in 2022. Orkla's most important plant-based brands are Naturli', Anamma, Felix Veggie, Frankful, Beauvais, Veggie and Lecora Green Line. In 2022, Orkla Foods Sverige launched a vegan version of Kalles kaviar cod roe spread. Kalles vegan has a climate footprint that is around 30% better than that of the original Kalles kaviar. Panda strives to be on the cutting edge when it comes to sustainable sweets, and in 2022 Orkla Suomi launched new varieties of plant-based licorice, Panda licorice with vegan chocolate and Panda vegan licorice sticks. In 2022 Orkla Foods Norway moved the plant-based Naturli' cafe from Skøyen to Grünerløkka in Oslo to reach more consumers.

Supply Chain and Value Chain

In 2022, the combination of war, drought in Europe and flooding in Pakistan affected the availability and prices of several agricultural crops which are of high importance to Orkla and interrupted ongoing initiatives to achieve sustainable raw material production.

Nevertheless, Orkla continues its efforts to promote sustainable production of raw materials by working closely with our suppliers and working towards 100% verified sustainable production of prioritised raw materials. As of 2022, more than half of the companies have established roadmaps with yearly targets on sustainable production of raw material, and status against the targets is tracked on a yearly basis. Orkla has initiated efforts to establish roadmaps for the remaining companies. For the non-food companies, we will establish minimum requirements for raw materials that are not covered by the FSA framework.

Around 90% of Orkla's GHG emissions come from value chain and in 2022 we have taken several important steps to bring about a change in these emissions. We have developed a tool that contains data on greenhouse gas emissions for raw materials, packaging, and other Scope 3 categories, which can be used to analyse emission figures for various raw materials, suppliers and products. The tool can also be used to prioritise the raw materials and suppliers on which we should focus in order to reduce Scope 3 emissions. We have entered into a dialogue with a large number of suppliers with emphasis on animal based raw materials, which generate the greatest climate impact. The availability and quality of climate data vary, and we consider it important to update and expand databases and tools in cooperation with suppliers and research institutes.

Investment in R&D

We see an opportunity in developing new products, including packaging, as well as being part of developing new technologies as partner in R&D programs (e.g., development of bio-based plastic, energy-efficient production, and increased recycling). Orkla's companies are involved in a variety of development projects in cooperation with suppliers, external centers of expertise and other players in the value chain. This includes

projects to optimize packaging, design packaging to facilitate recycling and develop new packaging solutions based on recyclable, recycled or renewable materials. For example, Orkla Home & Personal Care launched several products with carton packaging in 2022, both as a refill solution and as a main packaging solution. This applies to brands such as Klar, OMO, Milo, Blenda, Grumme and Lumme. The change resulted in a reduction of about 114 tonnes of plastic in 2022, and the replacement of laminated refill pouches reduced the amount of nonrecyclable mixed plastic. In total, the share of packaging materials that are recycled or from renewable sources increased from 61% in 2020 to 70% in 2022.

Operations

The Orkla companies have worked systematically to reduce the environmental impact of their own operations for several years. Orkla is committed to reducing emissions in our own operations (Scope 1 and 2) as well as in our value chain (Scope 3). Renewable energy is an important part of our climate strategy, and our companies have been working for many years towards the target of 60% renewable energy within 2025. The target will be reached by phasing out fossil fuels and increasing our use of energy from renewable sources. A key part of this has been purchasing Guarantees of Origin for all Orkla operations in Europe and Renewable Energy Certificates for the operations outside Europe.

However, due to the extraordinary situation in the energy market in 2022, Orkla has not secured its entire electricity consumption through guarantees of origin. This is the main reason for the change in improvement compared to what had been achieved by reducing greenhouse gas emissions (Scopes 1+2) as of 2021. To reach our 2025 targets for reducing greenhouse gas emissions from our own operations (Scopes 1+2), further improvement initiatives are required, and each of the portfolio companies has its own plans for how to contribute to lowering their emissions.

Climate-related Scenario Analysis

Orkla has assessed how climate change may impact our operations and the value chain. The goal of the assessment is to increase awareness of how climate change will influence Orkla, as a key part of Orkla's strategic and financial planning.

Orkla has assessed transitional and physical risks and opportunities based on IPCC[3] and NGFS[4] global warming impact scenarios. The assessment provides descriptions of how climate change will impact Orkla using three scenarios with various socio-economic assumptions relevant for the company's business sectors.

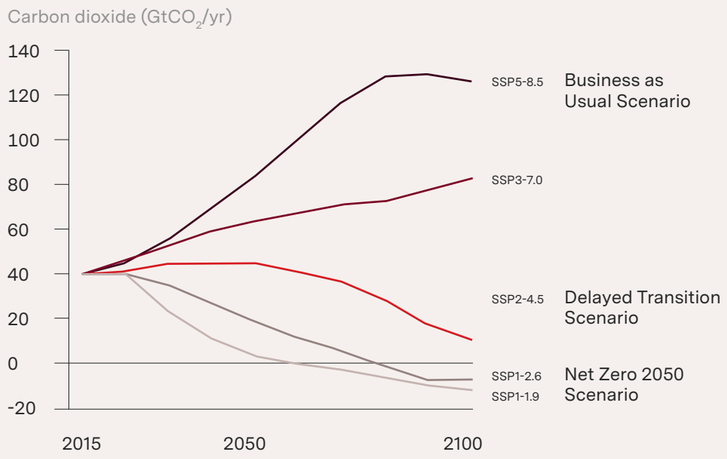
3 IPPC - The Intergovernmental Panel on Climate Change's Fifth Assessment Report (AR5) articulates various climate scenarios. These "representative concentration pathways" (RCPs) are referred to as "pathways" to emphasise their primary purpose in providing time-dependent projections of atmospheric GHG concentrations.

4 NGFS - Network for Greening the Financial System is a set of climate scenarios which includes transition pathways, climate impact projections and economic indicators.

The Scenario analysis included the following global warming impact scenarios as presented by IPCC and NGFS:

- **Net-Zero 2050:** +1,5 °C Scenario, which assumes that the goals set in the Paris Agreement are met through policy changes.
- **Delayed Transition**: +2 °C Scenario, which assumes a delay in the policy changes included in the 1,5 °C scenario.
- **Business as Usual:** above 4 °C Scenario, which assumes a scenario lacking climate policy changes.

The three scenarios will have different impacts on Orkla's operation and value chain. Based on the outcome of the analysis, Orkla will be able to develop and improve the strategy and understand future possible impacts from climate change. The scenarios were evaluated based on short-term (1-3 years), medium-term (3-10 years) and long-term (10-20 years) perspectives.



The main assumptions, outcomes and impacts are presented in the matrix below :

Scenario narratives	Net Zero 2050 Scenario 1,5°C global warming (RCP 2.6)	Delayed Transition Scenario 2°C global warming (RCP 4.5 & IEA SDS)	Current Policies Scenario >4°C global warming (RCP 8.5 & BAU)
Risk assumptions	**Transitional risks** A swift implementation of agricultural policies like the EU Green Deal and Farm to Fork strategy, affecting agricultural prices. Some reforestation but most decarbonization is achieved through other transitions. Launch of the Zero Pollution Stakeholder Platform. **Physical risks** Physical risks if global temperatures stabilize at 1.5°C, such as an increase in the likelihood of more extreme hot, wet and dry weather.	**Transitional risks** Some policies and diet shifts affecting livestock sector growth. Delayed adoption of policies. Global institution work to reduce climate change, but make slow progress. High reforestation efforts after 2030. Affecting available land for agriculture production. **Physical risks** More serious physical risks if global temperatures stabilize at 2.0°C, such as an increase in flooding from sea level rise, deadly extreme heat, and an increase in the likelihood of more extreme hot, wet and dry weather.	**Transitional risks** The demand and supply of livestock keeps increasing, and low increase in agricultural prices due to lack of policies. **Physical risks** Very serious risks before reaching 2100, such as Amazon collapse, permafrost loss and Gulf stream destabilization, sea level rise, increased risk of flooding, deadly extreme heat, and hot, wet and dry extreme weather.
Main outcomes	A Net Zero 2050 scenario involves a high pace on the transition to reach net zero by 2050. This scenario is dominated by transition risks and opportunities. We will see an increase in CO2 prices and carbon taxes. Additionally, increased prices in packaging materials due to packaging regulations. We will see a shift in consumer preferances for more sustainable products. Still, physical risks will be relevant and cause challenges, leading to increased cost of food-related raw materials.	A Delayed Transition scenario involves some pace on implementing climate-related policies and will have several physical climate impacts. There will be an increase in food raw materials and price volatility due to loss of area for producing, unsustainable fisheries and biodiversity loss. We will see an incerase in physical risks such as drought and flooding increasing raw material costs. There will be a moderate, but increasing, shift in consumers demanding plant-based products.	Increased price volatility and higher food raw material costs Potentially increased operational costs in som geographical locations due to production distruption because of increased extreme weather Moderate shift of consumers demanding plant-based products, leading to the expansion of plant-based products and products with lower climate impact
Main impacts on business	· Increased carbon pricing leading to a shift towards more renewable sources and higher operational costs if this is not met · Increased cost of food-related raw materials · Increased costs of packaging materials due to packaging regulations leading to higher operational costs related to innovation and product packaging development · More demand from consumers for plant-based products and products with lower climate impact	· Increased price volatility and higher food raw material costs · Potentially increased operational costs in som geographical locations due to production distruption because of increased extreme weather · Moderate shift of consumers demanding plant-based products, leading to the expansion of plant-based products and products with lower climate impact	· Increased scarcity and costs of food raw materials due to irreversible changes to biodiversity and ecosystems · Increased price volatility · Increased extreme weather leading to higher risks of disruption of production, leading to higher operational costs and potential loss of income. · Increasingly a shift in consumer preferances for plant-based products and products with a lower climate impact.

The outcome of the climate-related risks assessment and key findings are summarized in tables on the next pages:

Risk category			Risk type	Likelihood	Potential financial impact	Time horizon	Description of risk	Mitigation strategy
Physical risks ↓	Acute and chronic ↓	Upstream	Dependency on materials from nature	Almost certain	High	Long term	More than half of direct materials of Orklas supply chain derive from agriculture, and marine products, fruits, berries, cocoa and most vegetables depend on other species (biodiversity) for feed and pollination. The costs of inaction on biodiversity loss are high and are anticipated to increase, which will reduce the availability of raw materials from nature.	To increase understanding of how to develop and source from production systems that are more resilient to climatic changes, Orkla engages in improvement projects in the value chain, working closely with our suppliers.
			Higher price volatility on major industrialized crops	Almost certain	Medium	Medium term	Global aggregate agricultural production is not projected to decline before 2050, but suitable production zones will shift, annual yields will become more variable, and price volatility of agricultural commodities will increase. This will affect cultivation patterns, international trade and regional markets.	Orkla´s ability to source globally is an important mitigating factor and we strive to have flexible product recipes which can be put into use if necessary. This means that we can alternate suppliers and origins depending on the current situation. In 2022 the risk of higher prices became even more significant, therefore Orkla continues working with innovation and its suppliers.
			Limited produce from smallholder farmers	Almost certain	Low	Medium term	Extreme weather events are likely to affect smallholder yields globally, potentially wiping out crops in entire regions. Change in weather and climate will affect crops and smallholder farmers with limited financial buffers most as their ability to initiate mitigating measures is limited. This may affect availability of products such as cocoa, shea-, and coconut oils, nuts and berries/fruit, that also often are rain-fed crops.	Orkla works closely with suppliers to ensure that they have solid sustanability strategies and diversify their sourcing. Another part of our strategy is to use third-party certifications to ensure sustainably produced raw materials and contribute to improved agricultural practices.
			Drought and water scarcity affecting key supplier plants and raw materials	Likely	Low	Long term	Food production companies, and certain raw materials, rely heavily on water availability and are therefore impacted by changes to precipitation patterns, higher mean temperatures and extreme heat events that all exacerbate water scarcity. Limitations on water concessions, higher costs or water extraction bans can as affect deliveries of upstream products and packaged goods.	Some of Orkla's suppliers have a high or very high water scarcity risk. The majority of our suppliers have back-up locations in case issues arise.

Risk category	Risk type	Likelihood	Potential financial impact	Time horizon	Description of risk	Mitigation strategy
Physical risks ↓ / Acute and chronic ↓ / Direct operations ↓	Heat stress for workers at production sites	Likely	Low	Long term	Factory workers may be subject to increased heat stress that compromises their health and safety, as well as productivity reducing the companies revenue. This may lead to operational disruption impacting productivity and increasing operational costs.	To maintain a comfortable working temperature in regions with expected temperature increases, actions includes ensuring transport of workers to factory and installing cooling equipment to working spaces. Evaluate potential exposures in caquistion processes.
	Higher cooling costs at production sites	Likely	Low	Long term	Higher mean temperature, days of extreme heat, and longer duration of warm days can affect production and operations. This can lead to higher operational costs covering increased energy demand from cooling at production sites, and refrigerators and freezers to keep an optimal temperature.	Orkla has already felt the effects of warming on production of chocolate and margarin products, during production, and storing. Experienced mostly in Romania, but also in Norway. Orkla will invest in cooling systems in our plants according to needs. Evaluate potential exposures in acquistion processes.
	More power outages at production sites	Almost certain	Low	Medium term	Orkla has experienced power outages in several locations due to storms and weather conditions. Storms will damage infrastructure and power grid networks, affecting everything from transportation delays, and increased power outages at factories. This will result in disruption, slowing down production and potentially damage to equipment and perishable goods, impacting the profitability and increasing operational costs.	Implement business continuity plans covering potential contingencies. Insurance coverage for physical damage and business interruption both at own site and at utility supplier site. Evaluate potential exposures in acquistion processes.
	Flooding at production sites	Likely	Low	Medium term	Heavy rain, causing flashfloods and landslides, are expected to increase. Increased flooding will result in more distribution-network failures from weather damage to public infrastructure, such as roads and ports, reducing efficiency. This may delay the delivery of goods from the production site to customers, or incoming goods, resulting in increased costs associated with the delivery delays.	Implementing business continuity plans and site specific flood emerengy response plans. Insurance coverage for physical damage and business interruption. Evaluate potential exposures in acquistion processes.

Risk category			Risk type	Likelihood	Potential financial impact	Time horizon	Description of risk	Mitigation strategy
Physical risks	Acute and chronic	Direct operations	Water scarcity affecting production sites	Almost certain	Low	Long term	Droughts will result in water shortages that affect the water supply in factories. For water-intensive production processes, this may lead to production delays and disruptions leading to higher price associated with water use resulting in increased operating costs, loss of profits and potential loss of customers due to inability to meet demand.	Orkla has few water-intensive processes, main use is for cleaning. Actions to increase water use efficiency, including closed-loop cooling systems and systems to recycle water to a larger extent. To ensure appropriate water management and monitor risk of water scarcity Orkla reevaluates its water risk on opportunity assessment on regular basis.
			Sea level rise and storm surges affecting logistics and low lying facilities	Possible	Low	Long term	The combination of increasing sea level rise and storm surges expose huge coastal areas for flooding. Several ports and terminals along the European coastline particularly at risk. Unmitigated, sea level rise will affect ports worldwide and their ability to handle goods in transit. This may impact the shipment to customers, leading to loss in increased operating cost. There is also a risk that low-lying facilities close to sea level can be flooded.	Risk mapping to understand potential future situations. Implementing business continuity plans and site specific flood emerengy response plans. Insurance coverage for physical damage and business interuption.Evaluate potential exposures in acquistion processes.
Transition risks ↓	Market	Upstream	Increased cost of food raw materials	Likely	Medium	Medium term	The cost of obtaining food raw materials will most likely increase significantly due to regulations. This could be because of increased energy costs, and farmers paying more for input factors such as diesel, electricity, fertilizer, and pesticide, that results in increasing prices of agricultural commodities. Carbon pricing could cause a large impact on the price of raw materials.	Engage in ongoing dialogues with various stakeholder groups, mainly authorities and politicians at the local and national level and in the EU on business policy framework. Participate in business organisations that has the topic high on the agenda. Advocate for transparent carbon pricing and level playing field.
	Policy and legal ↓	Direct operations ↓	Mandates on and regulation of water-use at Orkla's production sites	Likely	Low	Long term	Climate change could reduce availability of fresh water making policymakers to focus on efforts that increase the overall efficiency of water use, reduce the sector's impact on freshwater resources, and improve its resilience to water risks. Additional mandates and policies will most likely require modification of water use or pay additional operating or capital expenditure costs.	Orkla has few water-intensive processes, main use is for cleaning. Actions to increase water use efficiency, including closed-loop cooling systems and systems to recycle water to a larger extent.

Risk category			Risk type	Likelihood	Potential financial impact	Time horizon	Description of risk	Mitigation strategy
Transition risks	Policy and legal	Direct operations	Increased pricing and taxation of GHG emissions	Almost certain	Low	Medium term	The introduction of GHG pricing and GHG taxation creates a higher price on emitting carbon and may lead to increased operating costs, and changes in investment and upgrading strategies. Prices on regulations of emissions from production are expected to increase across the industry.	Transition towards low-carbon operations. Reduce dependency on fossil fuels by increasing the use of renewable energy sources, both in our own operations and in the value chain. Advocating for transparent carbon pricing and level playing field. Due to the extraordinary situation in the energy market in 2022, Orkla has not secured its entire electricity consumption through guarantees of origin. For 2023 this risk will be taken into account and other solutions for securing renewable electricity, such as PPA will be considered
		Uppstream, direct operations, downstream	Mandates on and regulation of packaging materials	Almost certain	Low	Medium term	Mandates to reduce the use of plastics and increased recylability of packaging has increased globally. This could lead to increased operational costs for Orkla. Currently more environmentally friendly alternatives are more costly than conventional materials. Currently more environmentally friendly alternatives are often more costly than conventional materials and the availability of recycled materials which meet legal food safety requirements is limited.	Orkla is engaging actively in packaging innovation and collaboration on improvements in collection, sorting and recycling systems. We will continue the work on packaging innovation, for example trying to decrease the packaging weight and increase the use of recycled and renewable materials.
	Policy and legal, market	Direct operations	Enhanced reporting and traceability obligations	Almost certain	Low	Medium term	There is an increasing expectation from stakeholders for a transparent reporting on GHG emissions and climate impact performance through the whole value chain. This can lead to increased costs associated with collecting and reporting emissions data.	Develop more efficient reporting systems and ensure data availability and quality. Advocate for internationally common environmental standards and frameworks. Orkla has started preparing for the new EU reporting scheme (ESRS).
	Reputation	Direct operations	Increased stakeholder concern around Orkla's exposure to climate and water risk	Almost certain	Low	Short term	Stakeholders are increasingly concerned with climate and water related risks such as deforestation practices, palm-oil use and single-use packaging. Failure to meet stakeholder expectations may lead to a weaker reputation among stakeholders and potentially reduced consumer demand and investor interest.	Systematic work across all of Orkla to prevent undesirable practices and reduce the negative environmental impacts of our products and operations is critical to reduce the reputation risk. Also, proactive, fact-based and reliable communication is important.

The outcome of the climate-related opportunities ass and key findings are summarized in tables on the next pages:

Opportunity category			Opportunity type	Likelihood	Potential financial impact	Time horizon	Opportunity description	Strategy to realise opportunity
Physical risks	Adaption and resilience	Upstream	"Nature-positive" ecosystems	Likely	Low	Medium term	Building strong partnerships and knowledge-sharing is key for innovations in food production (land and water) and for responding better to local challenges. Enhanced resilience of people, communities and ecosystems is key to sustainable fisheries, food and agricultural systems. Cooperation on securing regenerative soils ensuring proper nutrients, lowering the use of fertilizers and pesticides to ensure sustainable farming practices.	Orkla engage in improvement projects in the value chain, working closely with our suppliers and other stakeholders. We are members of many initiatives building more sustainable supply chains, one example focusing on sustainable agriculture is the SAI Platform where we are part of several workstreams. We also use third-party certification to try and align the industry on common sustainability standards.
Transistion risks	Energy source	Direct operations	Increasing energy efficiency in Orkla's own operations and transition to low-carbon production	Almost certain	Low	Short term	Increased use of renewable energy is an opportunity as the transition to renewable energy is expected to generate a growing cost benefit in the years to come. Lowering the energy use lowers the vulnerability to increase in energy prices. This opportunity has the potential to reduce exposure to climate-related energy and carbon taxes and thereby reducing the operating costs.	Orkla is committed to reducing energy consumption in own operations, with a target of a 30% reduction within 2025. In addition, Orkla will replace fossil energy with renewable sources that will strengthen the environmental profile and could reduce the future cost. Orkla is currently replacing boilers based on fossil fuels to boilers using bio-fuels or renewable electricity.
	Adaptation and resillience	Upstream, direct operations, downstream	Reducing waste through the whole value chain	Almost certain	Medium	Short term	Orkla could face increased indirect operating cost due to regulations on food and material waste through the value chain. Improvements of waste management through the whole value chain is an opportunity to reduce operating costs, carbon emissions, minimise water use, ensure better handling of chemicals and increase biodiversity.	Orkla is focused on reducing waste, and the targeted reduction up to 2025 of a 50% reduction is expected to reduce raw material and waste management costs. The main focus is on reducing food waste and loss both in own operations and the entire value chain. Innovation of packaging solutions is a part of the efforts to reduce waste in the value chain.
	Market	Downstream	Expansion and development of plant-based products	Almost certain	Medium	Short and medium term	Consumers are increasingly conscious about climate change and place greater importance on environmental sustainability with growing awareness on product's carbon footprint. This change in consumer behavior incentivizes companies to label and certify their goods, resulting in increased operational costs.	The increased interest in a plant-based diet offers substantial opportunity for growth. Orkla aims to further expand the portfolio of plant-based products, in addition to developing seaweed as a new sustainable growth area through the company Orkla Ocean. Orkla will continue the innovation efforts to reduce the climate footprint from our products through changes in recipes and packaging solutions.

Risk management

The identification and management of climate-related risks follows Orkla's process for risk management and is integrated in the company-wide risk management process. Orkla requires the companies to establish a risk management process which covers both financial and non-financial risks, and which are based on Orkla instructions and guidelines. The companies are also required to carry out a specific climate risk and opportunity assessments in the event of significant changes in business scope or operations, or at least on a bi-annual basis. Orkla requires the companies to report the progress of the sustainability work, including a review of climate-related risks and opportunities, on an annual basis to the companies' Boards of Directors and to Orkla ASA.

The Board of Directors attaches importance to ensuring that risk is managed systematically in every part of the group and considers this a prerequisite for long-term value creation for shareholders, employees, and society at large. The Central Finance staff is responsible for Orkla's risk management model, including:

- presenting Orkla's consolidated risk profile to the Orkla Management Team, the Board of Directors, and the Board's Audit Committee
- updating instructions and guidelines for risk management and reporting. The risk management programme is reviewed on a regular basis in the company.

The risk management framework states that all significant matters must be considered and include a plan to reduce or control the risk by implementing initiatives and mitigating actions. Climate-related risks and opportunities are defined as significant by the Orkla Management Team and the Board's Audit Committee and discussed by the Board of Directors.

Orkla's overall risk picture, including climate-related risks and opportunities is reviewed by the Orkla Management Team and the Board's Audit Committee and discussed by the Board of Directors. They are on a regular basis presented to the risk reviews and activities for identifying, assessing, and responding to risks include climate-related risks and opportunities.

The finance teams within the companies have a key role in the risk assessment. The SVP Environment, Health and Safety is responsible for the assessment of climate-related risks and opportunities. In the autumn 2021 Orkla took important steps to strengthen our methodology for a top-down risk and opportunity assessment for climate-related issues. The assessments were prepared by key personnel on climate-related issues with the assistance of the audit and consulting firm EY. In 2022 this assessment was reevaluated.

Orkla assessed climate related risks and opportunities in short-term (1-3 years), medium-term (3-10 years), and long-term (> 10 years) perspectives. The findings have been integrated into our overarching climate strategy and included in plans and mitigating actions. The overall climate-related assessment is updated on a regular wbasis, and we will ensure that the findings are taken into consideration in the bottom-up assessments and initiatives for reducing climate gas emissions in Orkla companies and value chain.

The risk assessment system will contribute to a correct risk process. The system requests to identify sources of risk, areas of impacts, potential financial or strategic consequences and asks for mitigation activities. Acceptance criteria associated with the risk and opportunities is defined to ensure the common probability and consequence scales. There is a set of predefined criteria for how risks are assessed using a risk register scale.

The probability and the consequence of the risks are rated as “Low”, “Medium” or “High” and are visualized in a matrix. The sequence is then to assess, analyse, plan for initiatives, implement the initiatives and review them. The identified risks are presented as a collected risk picture for the company and is aggregated to the Orkla risk picture. The owner of the risk factors must implement relevant mitigation strategies and activities.

Metrics and targets

Orkla have overall sustainability targets for 2025 that apply to all companies and include ambitious goals to reduce climate gas emissions and the transition to renewable energy. We have adopted a systematic, coherent approach to climate work and other key environmental factors, such as use of natural resources (raw materials, energy, water) and waste management.

In connection with our Capital Markets Day in 2021, we emphasised three of these targets: a 65 percent reduction in climate gas emissions from own activities (scope 1 and 2, base year 2016), a 30 percent reduction in climate gas emissions from our value chain (scope 3) and 100 percent recyclable packaging. The three targets have special priority in our sustainability efforts across all our business areas and companies. In addition, in 2022 Orkla has revised Science-Based Targets (SBT) aligned with the Paris-Agreement. The calculation of these goals is based on IPCC AR5, and the goal-setting method as described in Science-Based Target Setting Manual scenario RCP 2.6 (IPCCs AR5 WHIII, Chapter 6, Table 6.3, page 431). Orkla's climate targets have been reevaluated and net zero targets have been approved in 2022 by the Science-Based Targets initiative (SBTi).

Goals towards 2025

- More than 60% renewable energy in our own operations
- 65% reduction in greenhouse gas emissions from our own operations (Scopes 1 + 2)
- 30% reduction in greenhouse gas emissions in the value chain (Scope 3)[4]
- 30% reduction in energy and water consumption in our own operations[5]
- 50% reduction in food waste from our own operations[5]

4 Baseline year 2016.

5 Baseline year 2014.

Our environmental work contributes to the achievement of UN Sustainable Development Goals 6, 12, 13, 14, 15 and 17.

Orkla has set Science-Based Targets (SBT) aligned with the Paris-Agreement. The calculation of these goals is based on IPCC AR5, and the goal-setting method as described in Science-Based Target Setting Manual scenario RCP 2.6 (IPCCs AR5 WHIII, Chapter 6, Table 6.3, page 431). In 2022 Orkla's climate targets have been revised and net zero targets have been approved by the Science-Based Targets initiative (SBTi).

Orkla Climate Targets

Approved by the Science based Targets Initiative,
in line with the UN Paris Agreement

Scope 1 & 2	Scope 3
65% reduction by 2025	30% reduction by 2025
70% reduction by 2030	50% reduction by 2030
90% reduction by 2045	90% reduction by 2045

Base year 2016

For several years, Orkla's companies have worked systematically with improvement measures and the companies are followed up on indicators such as reduced energy consumption, renewable energy, and waste management. To meet the climate targets, Orkla has also decided to purchase Guarantees of Origin (GOs) for electricity (Scope 2). The measures have resulted in climate gas emissions being reduced by 41% (Scope 1 & 2) relative to revenue since the base year 2016. The reductions we achieve are chiefly due to energy efficiency projects, replacement of fossil fuel with renewable energy sources, purchases of guarantees of origin for the electricity used by our companies in Europe and Renewable Electricity Certificates (RECs) for our electricity consumption in Malaysia and China, as well as long-term power purchase agreements (PPA) for India. In 2022, Orkla has not secured its entire electricity consumption through guarantees of origin. This is the main reason for the change in improvement compared to what had been achieved by reducing greenhouse gas emissions (Scopes 1+2) as of 2021. Nonetheless, Orkla is well on its way to achieving the long-term reduction targets of 70% by 2030 and 90% by 2045.

The greatest impact on the climate comes from raw material production and the consumption stage. Therefore, further work will focus on reducing emissions in all parts of the value chain. Orkla has also set Science-Based Targets (SBT) for the value chain (Scope 3). These emissions will be reduced by 30% within 2025, 50% by 2030 and 90% by 2045.

Orkla has for many years reported energy and climate accounts. Data is gathered and managed in a cloud-based system supplied by the company CEMAsys. Calculation of climate gas emissions is based on the GHG protocol, both own emissions (Scope 1 and 2) and emissions related to the value chain (Scope 3). All newly acquired companies will be incorporated in the reporting scheme during the integration period. Historical data, including data for the base year 2016, will be uploaded in the Orkla database. The status for 2022, as well as 2021, 2020 and the base year 2016 are shown on page 26.

Climate impact and emissions

Indicator references	Indicators	Unit	2022	2021	2020	Baseline year[1]
GRI 305-1	Greenhouse gas emissions from own operations, Scope 1[2]	tCO2e	108,277	115 ,519	115,253	128,719
GRI 305-1	Biogenic greenhouse gas emissions, Scope 1[2]	tCO2e	592	493	495	428
GRI 305-2	Indirect greenhouse gas emissions, Scope 2, location-based calculation[2,3]	tCO2e	52,636	62,775	70,597	87,293
GRI 305-2	Indirect greenhouse gas emissions, Scope 2, market-based calculation[2,3]	tCO2e	69,677	10,202	21,808	167,471
GRI 305-3	Greenhouse gas emissions, Scope 3[4]	tCO2e	2,019,995	2,012,319	2,097,308	2,010 ,21
GRI 305-4	Greenhouse gas emissions (Scope 1 and 2 market-based) per FTE[5]	tCO2e/ FTE	9.1	6.5	7.0	10.7
GRI 305-4	Greenhouse gas emissions (Scope 1 and 2 market-based) per revenue[5]	tCO2e/ mill. NOK	3	2,4	2,6	5,2
GRI 305-5	Greenhouse gas emissions reductions from reduction activities (Scope 1 and 2)[6]	tCO2e	68,698	129,241	136,228	0
GRI 305-6	Emissions of ozone-depleting substances (ODS) used in cooling media	tCFC-11e	0.0004	0.0030	0	0.0066
GRI 305-7	Emissions of sulphur dioxide[7]	Tonnes	11	10	9	16
GRI 305-7	Emissions of nitrogen oxide[7]	Tonnes	101	102	102	114

1 For GHG emission figures the baseline year is 2016. For other figures the baseline year is 2014.

2 The calculations are based on the Greenhouse Gas Protocol Initiative (GHG protocol). Includes CO2, CH4, N20, HFC, PFC, SF6 and NF3. Orkla uses standard conversion factors for various types of fuel, updated annually based on DEFRA and IEA. Historical figures have been adjusted for the new information.

3 Location-based emissions reflect the average GHG emissions intensity of grids on which energy consumption occurs. Market-based emissions take into account the effect of contractual instruments that Orkla has used (Guarantees of Origin or Renewable Electricity Certificates and Power Purchase Agreement).

4 Raw materials, packaging and waste management account for around 95% of emissions from Scope 3 activities, other Scope 3 categories are not disclosed due to the lack of reliable data. The variance in Scope 3 values is explained by the difference in data coverage. Orkla mainly uses conversion factors for greenhouse gas emissions from a database owned by the RISE institute, as well as conversion factors for energy from DEFRA and the IEA. Data for biogenic Scope 3 emissions is not disclosed due to unavailable information. Intensity figures are not disclosed due to uncertainty in Scope 3 data.

5 The intensity figures reported for previous years have remained unchanged and not adjusted for structural changes.

6 The reductions are reflected in the reporting of GRI 305 1&2. The disclosed data represents the initiative with significant contribution to reduction; the securing of renewable electricity through Renewable Energy Certificates and Guarantees of Origin.

7 Average emission factors for various fuel types are used. Emission factors are based on DEFRA.

Resource Management

Indicator references	Indicators	Unit	2022	2021	2020	Baseline year 2014
GRI 302-1	Electricity from internally generated hydropower, sold	GWh	2 237	2 065	2 885	2 570
GRI 302-1	Total energy consumption, own operations	GWh	1 068	1 110	1 095	1 068
GRI 302-1	Total energy consumption from renewable sources[1]	GWh	295	504	494	11
GRI 302-1	Energy consumption from non-renewable sources[2]	GWh	773	606	601	1 057
GRI 302-1	Energy consumption – electricity	GWh	426	458	461	466
GRI 302-1	Energy usage – purchased thermal energy, incl. remote heating	GWh	70	53	41	46
GRI 302-3	Energy usage per FTE[1,2,3]	MWh/FTE	55	60	63	66
GRI 302-3	Energy usage per revenue[1,2,3]	MWh/ NOK million	18	22	23	29

1 Includes documented renewable electricity, renewable part of district heating, renewable electricity produced on site and energy from renewable biomass. Orkla uses standard conversion factors for various types of fuel, updated annually based on DEFRA and IEA.
2 Includes use of natural gas, propane, oil, diesel and petrol. Orkla uses standard conversion factors for various types of fuel, updated annually based on DEFRA and IEA.
3 The intensity figures reported for previous years have remained unchanged and not adjusted for structural changes.

Water

Indicator reference	Indicators	Unit	2022	2021	2020	Baseline year 2014
GRI 303-3	Total water withdrawal, own operations	Ml	7,625	7,299	7,715	10,260
GRI 303-3	Water withdrawal from collected rainwater and surface water[1,2]	Ml	0	0	0	0
GRI 303-3	Water withdrawal from groundwater[1]	Ml	3,132	2,888	2,842	3,051
GRI 303-3	Water withdrawal from external water works (third-party)[1]	Ml	4,493	4,411	4,872	7,209
GRI 303-3	Total water withdrawal, own operations in water-stressed areas[1,3]	Ml	210	227	224	198
GRI 303-3	Water withdrawal from surface water from areas with water stress[1,3]	Ml	0	0	0	0
GRI 303-3	Water withdrawal from third-party water from areas with water stress[1,3]	Ml	113	176	174	153
GRI 303-3	Water withdrawal from groundwater from areas with water stress[1,3]	Ml	97	51	50	44
Self-defined	Water recycled in own operations	%	3.8%	8.3%	8.5%	0.0%
GRI 303-4	Total water discharge to all areas[1]	Ml	4,041	4,225	5,318	6,982
GRI 303-4	Discharge of wastewater to seawater[1]	Ml	0	0	0	0
GRI 303-4	Discharge of effluents to external treatment plants (third-party)[1]	Ml	2,325	2,431	3,061	6,034
GRI 303-4	Discharge of effluents to surface water[1]	Ml	1,715	1,793	2,258	947
GRI 303-4	Discharge of effluents to groundwater[1,4]	Ml	0	0	0	0
GRI 303-4	Emissions to water – BOD[5]	Tonnes	3,483	3,592	5,099	7,289
GRI 303-4	Emissions to water – COD[5]	Tonnes	5,305	5,982	9,419	9,749
GRI 303-4	Emissions to water – particles[5]	Tonnes	239	188	944	528
GRI 303-4	Total water discharge to all areas with water stress[3]	Ml	132	136	139	138
GRI 303-5	Total water consumption from all areas	Ml	3,584	3,075	2,396	3,278
GRI 303-5	Total water consumption from all areas with water stress[3]	Ml	78	92	85	60

1 The breakdown of water into fresh water and "other water" has not been reported, due to lack of information.
2 Orkla does not withdraw water from surface water; rivers, lakes and wetland areas.
3 Water-stressed area is defined by WRI Aqueduct tool and represents locations in India and Romania.
4 None of the Orkla companies discharge effluents to groundwater, therefore values set as zero.
5 We report on the substances which are identified as relevant for Orkla; BOD, COD and particles. These parameters are required to be monitored by the local authorities. Other potential substances of concern will be assessed going forward.

Waste

Indicator reference	Indicator	Unit	2022	2021	2020	Baseline year 2014
GRI 306-3	Total waste	Tonnes	107,025	114,001	115,250	123,913
GRI 306-3	Organic waste[1,2]	Tonnes	81,876	85,866	81,762	89,937
GRI 306-3	Organic waste per revenue[3]	Tonnes/ NOK. mill	1.4	1.4	1.7	3.0
GRI 306-3	Non-hazardous waste – sorted[1,2]	Tonnes	95,292	100,606	97,814	108,241
GRI 306-3	Non-harzardous waste – mixed[1,2]	Tonnes	11,240	12,916	16,876	15,248
GRI 306-3	Hazardous waste[1,2]	Tonnes	493	479	560	424
GRI 306-4	Total waste diverted from disposal[1,2]	Tonnes	87,819	87,558	90,087	94,733
GRI 306-4	Hazardous waste diverted from disposal by preparation for reuse[4]	Tonnes	0	0	0	0
GRI 306-4	Hazardous waste diverted from disposal by recycling[1,2]	Tonnes	16	49	0	2
GRI 306-4	Hazardous waste diverted from disposal by other recovery operations[1,2]	Tonnes	29	1	2	0
GRI 306-4	Non-hazardous waste diverted from disposal by preparation for reuse[4]	Tonnes	0	0	0	0
GRI 306-4	Non-hazardous waste diverted from disposal by recycling[1,2]	Tonnes	9,852	11,629	11,545	13,324
GRI 306-4	Non-hazardous waste diverted from disposal by other recovery operations[1,2]	Tonnes	77,921	75,878	78,540	81,407
GRI 306-5	Total waste directed to disposal[1,2]	Tonnes	19,205	26,443	25,163	29,180
GRI 306-5	Hazardous waste directed to disposal by incineration (with energy recovery)[1,2]	Tonnes	446	428	557	422
GRI 306-5	Hazardous waste directed to disposal by incineration (without energy recovery)[5]	Tonnes	0	0	0	0
GRI 306-5	Non-hazardous waste directed to disposal by landfilling[1,2]	Tonnes	0	0.5	0	0
GRI 306-5	Non-hazardous waste directed to disposal by incineration (with energy recovery)[1,2]	Tonnes	14,430	21,018	20,709	26,320
GRI 306-5	Non-hazardous waste directed to disposal by incineration (without energy recovery)[5]	Tonnes	0	0	0	0
GRI 306-5	Non-hazardous waste directed to disposal by landfilling[1,2]	Tonnes	4,329	4,997	3,897	2,438

1 Orkla centrally gathers data on waste generation, which is mostly supplied by companies through invoices from waste management companies or waste reports.
2 The breakdown of waste directed to disposal onsite and offsite has not been reported, due to lack of information.
3 The intensity figures reported for previous years have remained unchanged and not adjusted for structural changes.
4 Values for waste diverted from disposal by preparation for reuse has been set as zero due to lack of data on this topic.
5 Amount of waste disposed via incineration without energy recovery has been set as zero due to unavailability of data.

Independent accountants assurance report

The greenhouse gas accounts for 2022 have been verified by the auditing and consulting company EY.

INDEPENDENT ACCOUNTANT'S ASSURANCE REPORT

To the board of directors in Orkla ASA

Scope

We have been engaged by Orkla ASA to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on Orkla ASA's climate and environmental reporting as defined in Orkla ASA's GRI Index (publicly available on https://www.orkla.com/reporting-and-results/) (the "Subject Matter") as of 31 December 2022 and for the period from 1 January to 31 December 2022.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the sustainability report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Orkla ASA

In preparing the Subject Matter, Orkla ASA applied the relevant criteria from the Global Reporting Initiative (GRI) sustainability reporting standards (the "Criteria"). The Criteria can be accessed at globalreporting.org and are available to the public. Such Criteria were specifically designed for companies and other organizations that want to report their sustainability impacts in a consistent and credible way. As a result, the Subject Matter information may not be suitable for another purpose.

Orkla ASA's responsibilities

The Board of Directors and Group Chief Executive Officer (management) are responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance *Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000)*. This standard requires that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Control

We are independent of the company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. Our firm applies *International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained if a reasonable assurance engagement had been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Review of Orkla ASA's process for preparation and presentation of the sustainability report to develop an understanding of how the reporting is conducted within the company
- Interviewed those in charge of sustainability reporting to develop an understanding of the process for the preparation of the sustainability reporting
- Verified on a sample basis the information in the sustainability reporting against source data and other information prepared those in charge
- Assessed the overall presentation of sustainability reporting against the criteria in the GRI Standards including a review of the consistency of information against the following GRI standards;
  - EY has provided limited assurance on the following GRI-indicators: 302-1, 302-3, 303-1, 303-2, 303-3, 303-4, 305-1, 305-2, 305-3, 305-4, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4 and 306-5.
  - EY does not provide attestation on GRI 3 for any of the above standards.

We believe that our procedures provide us with an adequate basis for our conclusion. We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter as of 31 December 2022 and for the period from 1 January 2022 to 31 December 2022 in order for it to be in accordance with the Criteria.

Independent accountant's assurance report - [Orkla ASA] [2023]

Oslo, 14 March 2023
ERNST & YOUNG AS

Petter Frode Larsen
State Authorised Public Accountant

(This translation from Norwegian has been made for information purposes only.)

Independent accountant's assurance report - [Orkla ASA] [2023]

A detailed description of targets, procedures and work processes may be found on our website under Sustainability Management Approach.

Orkla Annual report 2022
Orkla Sustainability report 2022


Orkla